



National Audit Office

Local government report

by the Comptroller and Auditor General

Local government

Local welfare provision

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Report by the Comptroller and Auditor General

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Sir Amyas Morse KCB
Comptroller and Auditor General
National Audit Office

8 January 2016

This report examines how English councils have implemented local welfare provision since April 2013 and the challenges councils face sustaining provision. It provides advice to councils on issues to consider when deciding what support they provide to meet local welfare needs.

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The National Audit Office study team consisted of:

Caroline Murray, David Pottruff, Judith Sharples, Zaina Steityeh and Katie Taylor, under the direction of Aileen Murphie.

This report can be found on the National Audit Office website at www.nao.org.uk

For further information about the National Audit Office please contact:

National Audit Office
Press Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Tel: 020 7798 7400

Enquiries: www.nao.org.uk/contact-us

Website: www.nao.org.uk

Twitter: @NAOorguk

Key facts

151

single-tier and county
councils in England
given funding for local
welfare provision

£347m

funding to councils for
2013-14 and 2014-15,
including administration
funding – from 2015-16
funding is included in the
revenue support grant

78%

proportion of councils
that reported spending
less than the funding
they received in 2013-14
due to a range of factors

£177 million the Department for Work & Pensions' spending on crisis loans
and community care grants in 2012-13

£4.82 the average funding the Department for Work & Pensions gave
to councils per working-age adult in 2013-14

£2.40 the average amount councils spent per working-age adult in 2013-14

24% the proportion of councils reporting they would not spend all the
funding provided to them in 2014-15

73% the proportion of councils offering help in the form of furniture
and white goods

68% the proportion of councils offering food support

Summary

Introduction

1 In April 2013, as part of the changes introduced by the Welfare Reform Act 2012, the government stopped providing crisis loans and community care grants. These were two forms of discretionary financial support to help people deal with emergencies, resettle or remain living in the community, and to ease exceptional pressures on families. For 2013-14 and 2014-15 the Department for Work & Pensions provided transitional grant funding to 151 single-tier and county councils in England to deliver new support for vulnerable people using existing powers. This new support, commonly called local welfare provision, was to be aligned with other services councils provided, such as housing and social care. The government also provided funding to the devolved administrations in Scotland and Wales, which have taken a more centralised approach to the delivery of local welfare provision.

2 The government placed no new duties on English councils to deliver local welfare provision and did not place any monitoring requirements on them. The Department for Work & Pensions did, however, write to council chief executives in August 2012 to say it expected them to provide “flexible help to those in genuine need”.

3 For 2015-16, the government included funding for local welfare provision in councils’ revenue support grant which can be used to finance revenue spending on any service. It has proposed to continue separately identified funding for local welfare provision in the provisional local government finance settlement for 2016-17. The government believes that issues of local welfare are best responded to at the local level, according to local priorities.

4 Like the support that ended, local welfare provision gives vital help to people in times of need. By addressing short-term problems, such as a lack of money to pay for heating or essential household items, local welfare provision can help avoid greater public spending when problems escalate, for example if people become ill or homeless.

5 Between 2010-11 and 2015-16, the government reduced its core funding to councils by an estimated 37% as part of its strategy to reduce the UK’s budget deficit. Over the same period, councils faced rising demand for some services due to population changes. The transfer of funding for local welfare provision came as councils were dealing with these pressures. They were also setting up council tax support schemes as central government required. Councils have inevitably made choices about the support they can afford to provide. These choices affect people in need of help and the delivery of value for money for taxpayers.

6 Organisations supporting vulnerable people facing financial hardship have shown considerable interest in the move to local welfare provision. They are concerned that the government's measures to reduce welfare spending are removing the 'safety net' for those they support.

7 This report has been prepared using powers under the Local Audit and Accountability Act 2014 that enable the Comptroller and Auditor General to carry out examinations for the purpose of providing advice of a general nature to relevant authorities on the economy, efficiency and effectiveness with which they use their resources in discharging their functions. The report examines how English councils implemented local welfare provision after April 2013 and the challenges they face sustaining provision. It highlights issues for councils to consider when deciding how to meet local welfare needs economically, efficiently and effectively. We encourage councils to learn from others' approaches.

8 The report will interest:

- council officials designing and delivering local welfare provision;
- elected members who decide what support councils provide;
- organisations working with councils delivering local welfare provision or supporting people seeking help;
- the Department for Work & Pensions, which is responsible for welfare policy; and
- the Department for Communities and Local Government, which oversees local government finance.

9 Our report is based on a survey of information councils published on their websites; a review of provision in 6 councils representing a range of council types and facing different circumstances; interviews with 3 councils that reduced provision in 2015-16; evidence from the Department for Work & Pensions and from voluntary sector organisations; analysis of financial and other data and a literature review. Full details of our approach and methods are in Appendices One and Two.

10 The report has three parts:

- Part One considers the support the Department for Work & Pensions provided to councils to develop local provision and how localisation has affected spending.
- Part Two examines how councils have used the funding they received and highlights questions for councils reviewing their provision.
- Part Three highlights the challenges to sustaining effective provision, given ongoing financial pressures and factors that influence demand for support.

Key findings

Localising welfare support

11 The Department for Work & Pensions assisted councils to develop local welfare provision, although councils said its help was of limited value.

The Department gave councils information and data on delivering crisis loans and community care grants and discussed with them how they might implement provision. It gave councils funding in 2012-13 to set up schemes. Many councils we spoke to said the data were not detailed enough to help them. About half said funding was insufficient to cover set-up costs (paragraphs 1.10 to 1.12).

12 Since crisis loans and community care grants ceased, the Department for Work & Pensions and councils have reported reduced spending on the discretionary financial support they provide. The Department gave councils a total of £141 million in 2013-14 for local welfare provision and £30 million to administer it. It allocated funding to councils based on past demand for crisis loans and community care grants in different areas. Councils serving more-deprived areas received more funding than those in less-deprived areas. Councils acted cautiously, for example by limiting who they helped, as they were concerned about high demand and uncertain about funding after 2014-15. Seventy-eight per cent of councils did not spend all the funding they were given on local welfare provision in 2013-14 and one-quarter did not expect to in 2014-15. Councils we met were using underspends to help fund provision in 2015-16 when a reduced amount of funding was included in councils' revenue support grant. The Department also spent less on discretionary financial support after April 2013 (paragraphs 1.13 to 1.23).

Delivering local welfare provision

13 Councils' provision is aligned with other forms of support. Councils worked with partners, such as local advice providers, to design schemes and offer similar help to that the Department for Work & Pensions provided. Most councils administer local welfare provision alongside other forms of support they provide, such as discretionary housing payments. This enables them to minimise administration costs and coordinate different forms of support (paragraphs 2.2 to 2.5).

14 Councils check applications to ensure that needs are genuine and to identify the support required. Councils invite applications directly or through partners. A quarter of councils aimed to respond to urgent requests for help within one day. Seven out of 10 councils only considered applications from people receiving means-tested benefits (paragraphs 2.6 to 2.13).

15 Councils provide different types and levels of support but there is no widespread benchmarking to help improve cost-effectiveness. Councils support people in emergencies and help people remain or resettle in the community. Most commonly they provide furniture, white goods, food and fuel support. Councils use different mechanisms for delivering support. These are influenced by local supply chains, concerns about quality and safety and a desire to minimise the risk of abuse. Councils carried out research locally to decide what they would spend on different types of support; however, we found no widespread benchmarking as there is in Scotland (paragraphs 2.14 to 2.24).

16 Councils generally provide goods in kind rather than cash as this reduces the scope for fraud and targets needs. Only 24% of councils offered cash support. Cash-like forms of support include controls on how funds can be spent. Councils said removing cash support had reduced demand. Commentators were concerned that changes to application procedures and applicants' preference for more flexible support had led people to look for help elsewhere. Few councils offered loans due to the difficulty of collecting repayments (paragraphs 2.25 to 2.29).

17 Commonly, councils either did not collect information on applicants and their needs or made limited use of this. This information would help them target support more effectively. Councils monitored data on the number of applications they received and the value of awards. But often they did not collect or use information on who applied for and received help and why. Those councils that did had identified ways to improve their provision (paragraph 2.30).

Risks and challenges

18 Since April 2015, some councils have stopped or curtailed the provision they introduced in 2013 because there is no longer specific grant funding. Despite funding being included in the revenue support grant, councils say funding from government for local welfare provision has ceased. We found that 10 had stopped or significantly reduced provision in 2015. Council taxpayers and other stakeholders could challenge councils to explain their decisions (paragraph 3.2).

19 Councils have limited understanding of the effectiveness of their spending on local welfare provision or the consequences of reducing this. To achieve value for money, councils must examine how effectively local welfare provision meets people's needs and reduces demand for other publicly funded services. Doing this is challenging. Few of the councils we met had attempted to quantify the benefits of local welfare provision to inform their funding decisions (paragraphs 3.3 to 3.6).

20 Demand for local welfare provision will vary from place to place and over time. Councils need to understand the factors that impact on the communities they serve in order to plan an appropriate level of support. In some places, improving economic circumstances and tax reductions, for example, might reduce people's reliance on local welfare provision. In others, demand might increase due to the effect of welfare reforms and other local challenges. The government plans to reduce spending on welfare benefits by £12 billion in 2019-20, on top of changes that mean welfare spending is £16.7 billion lower in 2015-16 than it would otherwise have been (paragraphs 3.9 to 3.12).

21 Ineffective coordination between national and local welfare support has led to the unintentional and inappropriate transfer of costs to councils and risks undermining the government's welfare policy objectives. Central and local government provide many types of financial support to people in different circumstances. Ensuring nationally and locally provided welfare support complement each other requires central and local government to understand the impact their policy decisions have on other parts of the welfare system. However, councils reported that a significant proportion of the applications they received for local welfare provision were from people facing hardship as they switched between different types of benefits, experienced benefit delays or sanctions, or moved from benefits to work. Additionally, in some cases, council-provided welfare support risked reducing benefit recipients' incentive to find work by weakening the effect of benefit sanctions applied by government (paragraphs 3.13 to 3.16).

Overview

22 Since April 2013 councils have used funding from government to help vulnerable people meet urgent needs for household items, food, heating, clothing and other costs. Effective councils provide targeted, responsive and flexible help that is integrated with other forms of support, such as discretionary housing payments, and reduces the scope for abuse. They also help people address underlying problems and manage their finances more effectively. However, concerns that demand would be high as a result of welfare reforms, and uncertainty about funding from government after 2014-15, made councils act cautiously. The overall level of discretionary financial support provided by central and local government has reduced since April 2013. This could be the result of better targeting of support, or an indication that need is going unmet which may lead, in turn, to greater costs for other public services. Neither central nor local government is sure of the reasons.

23 The future of local welfare provision appears uncertain. With reducing resources and competing pressures, many councils say they cannot afford to continue offering this support without specific government funding. Some have already stopped or reduced the provision they introduced in April 2013. Charities report increasing demand for their support as a result. It remains to be seen how councils will respond to the government's proposed continuation of funding for local welfare provision in the provisional local government finance settlement for 2016-17. The need for local welfare provision in different places will change as a result of the government's welfare reforms and local circumstances. However, many councils have only a limited understanding of the drivers of demand for this sort of support and the consequences of not providing it. Without this, they cannot know whether their local welfare provision is meeting people's needs cost-effectively and whether it reduces the need for more costly public services.

Issues to consider

24 Councils should:

- a** use the findings from this report to review the effectiveness of the support they provide to meet local welfare needs;
- b** collect and make use of information on who seeks help and why in order that they can target support where it is most needed;
- c** understand costs to the public sector which local welfare provision helps to avoid and use this information to make decisions on funding; and
- d** consider whether other public services and charitable organisations have sufficient capacity to meet any increase in demand caused by reductions in local welfare provision.

25 The government has proposed the continuation of separately identified funding for local welfare provision in the provisional local government finance settlement for 2016-17. The Department for Communities and Local Government should continue to note councils' concerns about their ability to continue local welfare provision due to funding pressures, to inform the government's decisions about future local government funding.

26 The Department for Work & Pensions and councils should consider how the welfare support they provide interacts with other parts of the welfare system in order to:

- a** improve coordination between centrally and locally administered support for the benefit of people seeking assistance;
- b** avoid the unintentional transfer of costs from one part of the welfare system to another; and
- c** ensure local welfare provision does not undermine the achievement of the government's national welfare policy objectives.

Part One

Localising welfare support

Background

1.1 Until April 2013, the government provided crisis loans and community care grants as part of its discretionary Social Fund. These payments, made by the Department for Work & Pensions, helped people on low incomes deal with emergencies, supported vulnerable people to resettle or remain in the community, and eased exceptional pressures on families (**Figure 1**).

1.2 In a report on the community care grant in July 2010 we identified a need to improve value for money through better targeting, reducing fraud and error and by ensuring needs were met cost-effectively.¹ In December that year, the Committee of Public Accounts said that administering the community care grant locally could result in financial savings by improving the targeting of support. It welcomed the government's proposals to devolve responsibility to councils, provided that the government resourced councils properly to deliver it.^{2,3}

Figure 1

Crisis loans and community care grants

Crisis loans

These were interest-free loans to help people meet immediate short-term needs in an emergency or following a disaster. People receiving benefits repaid the loans through benefit deductions. Awards were for:

- general living expenses;
- household items, such as white goods and furniture following a disaster; and
- alignment payments, to meet urgent needs before first payment of benefits or wages.

Community care grants

These were non-repayable grants for people receiving an income-related benefit to meet a range of expenses, including household equipment. Grants were primarily intended to support vulnerable people to return to or remain in the community or to ease exceptional pressure on families.

Source: National Audit Office literature review

¹ Comptroller and Auditor General, *The Community Care Grant*, Session 2010-11, HC 286, National Audit Office, July 2010.
² Department for Work & Pensions, *Universal Credit: Welfare that Works*, Cm 7957, November 2010.
³ HC Committee of Public Accounts, *The Community Care Grant*, Eleventh Report of Session 2010-11, HC 573, December 2010.

1.3 From April 2013, as a result of provisions in the Welfare Reform Act 2012 (the Act), the discretionary Social Fund was abolished. The government acknowledged that the remotely administered support was poorly targeted and failing to help those most in need. The government believed that support would be delivered more effectively at the local level linked to other support services, such as housing and social care. This was consistent with the government's wider localisation agenda. Other grants and accompanying responsibilities that have been, or are being, devolved to local authorities are council tax support, housing benefits and the Independent Living Fund.

1.4 For 2013-14 and 2014-15 the Department for Work & Pensions provided transitional grant funding to 151 single-tier and county councils in England to provide local forms of welfare support to vulnerable people using their existing powers. This support is commonly called local welfare provision. The government also provided funding to the devolved administrations in Scotland and Wales.

1.5 The government placed no new duties on councils to deliver local welfare provision and did not place any monitoring requirements on councils. Councils were free to determine how the funding should be used to meet the needs in their areas, although the Minister for Pensions made clear the government's expectations:

“We expect the funding to be concentrated on those facing greatest difficulty in managing their income, and to enable a more flexible response to unavoidable need, perhaps through a mix of cash or goods and aligning with the wider range of local support local authorities... already offer. In short, the funding is to allow you to give flexible help to those in genuine need.”⁴

1.6 For 2015-16, the government provided funding for local welfare provision in England in councils' revenue support grant, which is agreed as part of the local government finance settlement and can be used to finance revenue spending on any service. It has proposed to continue separately identified funding for local welfare provision in the provisional local government finance settlement for 2016-17. Current government policy is that issues of local welfare are best responded to at a local level according to local priorities.

1.7 The approaches to local welfare provision taken by English councils since April 2013 are the focus of this report. The devolved administrations in Scotland and Wales have taken a centralised approach to the delivery of local welfare provision – we describe these in Appendix Three.

4 Letter from Steve Webb MP, Minister of State for Pensions, to council chief executives, August 2012.

1.8 The Department for Work & Pensions continues to provide other forms of discretionary financial support, including:

- budgeting loans to support benefit claimants at times of exceptional need;⁵ and
- advances of benefit, introduced by the Act to replace crisis loans for alignment payments.

Together, central and local government provide many forms of financial support to people in different circumstances (**Figure 2** overleaf).

1.9 The transfer of funding for local welfare provision coincided with other changes in councils' funding and responsibilities:

- Between 2010-11 and 2015-16, the government reduced its overall funding to councils by an estimated 37% as part of its strategy to reduce the UK's budget deficit.^{6,7}
- From April 2013, the government required councils to introduce local council tax support schemes to replace council tax benefit. The government gave councils 90% of its projected spending on council tax benefit in 2013-14 for this purpose.⁸

Councils told us these changes limited their capacity to implement new local welfare provision and increased the need for tight budgetary control.

Support for implementation

1.10 To assist councils to develop local welfare provision the Department for Work & Pensions:

- published a report of discussions with more than 50 councils about the support they might provide, including guidance on the needs that councils and government might meet after localisation;⁹
- shared details of how it delivered crisis loans and community care grants; and
- gave councils in England a total of £1.4 million in 2012-13 to help them prepare for the new arrangements.¹⁰

5 The Act also abolished budgeting loans but the Department continues to provide them until it completes the roll-out of Universal Credit.

6 Excludes funding that is ring-fenced for social care and public health responsibilities.

7 Comptroller and Auditor General, *Financial Sustainability of Local Authorities 2014*, Session 2014-15, HC 783, National Audit Office, November 2014.

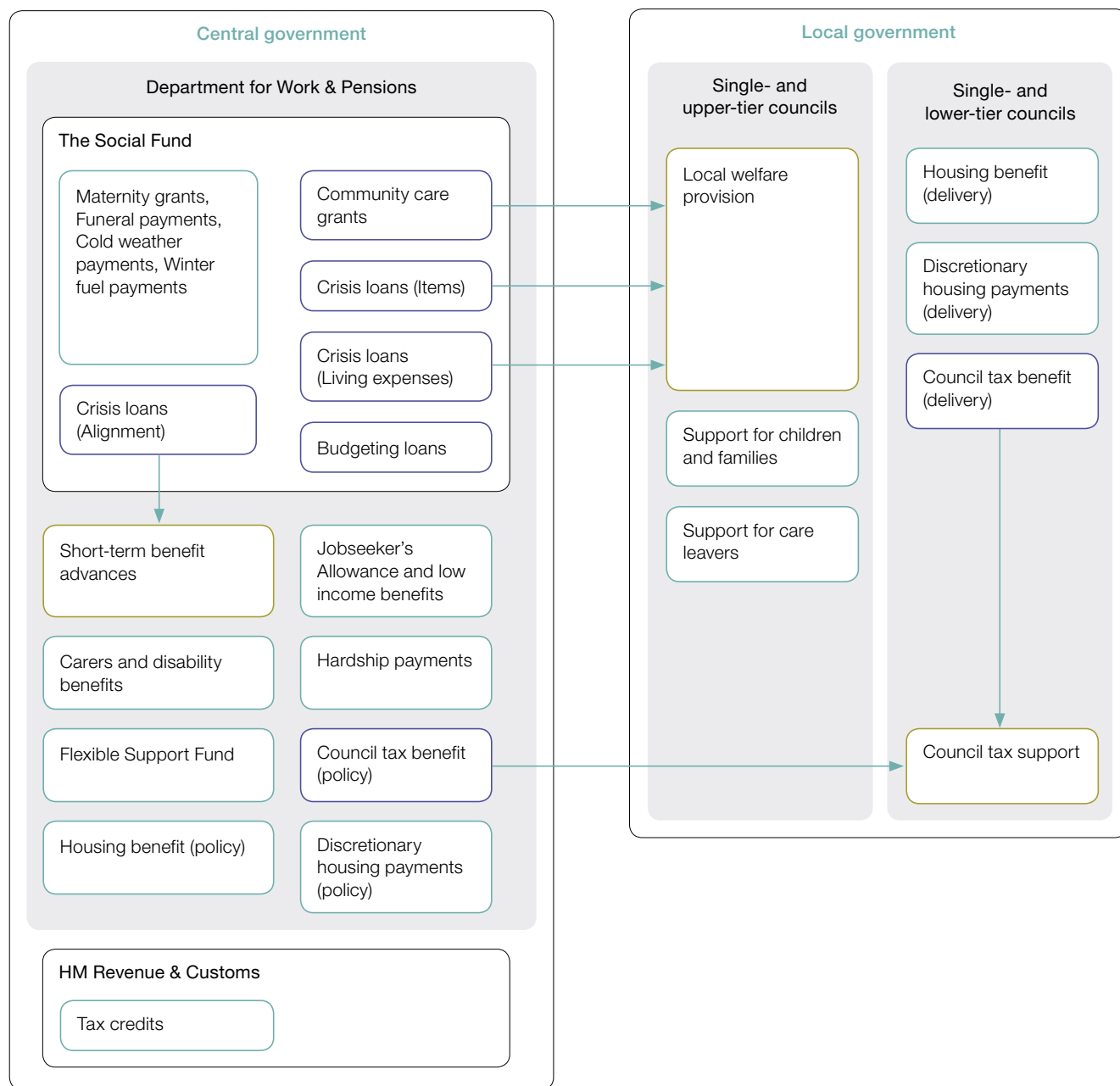
8 Comptroller and Auditor General, *Council Tax support*, Session 2013-14, HC 882, National Audit Office, December 2013.

9 Department for Work & Pensions, *Local Authority Fieldwork Summary Report*, December 2011.

10 Equal to 1% of the programme funding they were to receive in 2013-14.

Figure 2**Financial support from central and local government**

Local welfare provision is one of many types of support for people in different circumstances



□ Until 31 March 2013 □ From 1 April 2013 ➔ Replaced by

Notes

- 1 A brief description of the support referred to above is provided in Appendix Four.
- 2 Universal Credit is gradually replacing a number of existing benefits and tax credits.
- 3 Support for children and families includes the Troubled Families Programme.

1.11 From June 2011 onwards the Department gave councils the data it held on crisis loans and community care grants. For each council area, this included the number of loan and grant applications, characteristics of applicants and the number and value of awards it made. But many councils we spoke to told us the data did not help them to forecast demand as it came too late and did not give enough detail about the needs people had tried to address.

1.12 A small number of councils also told us that the funding in 2012-13 was insufficient to cover set-up costs, for example IT systems to process applications for support and staff time to develop schemes. This put additional pressure on their finances.

Funding and spending

1.13 In the years before localisation of funding, the government cut spending on crisis loans and community care grants. It introduced measures in April 2011 to reverse the rise in demand and spending that had occurred after moving to a centralised telephone-based application system in 2006.¹¹ In 2012-13, spending in England on:

- crisis loans (£73 million) was 59% lower than in 2009-10; and
- community care grants (£104 million) was 9% lower than in 2009-10.

1.14 The Department for Work & Pensions transferred all the funding it had been allocated for crisis loans and community care grants in 2013-14 to councils in England and the devolved administrations for local welfare provision. It gave English councils programme funding of £141 million and an extra £30 million to administer provision.¹²

1.15 For 2014-15, programme funding was unchanged in cash terms (down 1% in real terms). The Department for Work & Pensions reduced administration funding by 8% in 2014-15 (9% in real terms) as it assumed councils would achieve efficiency savings in line with those the Department would have been expected to make (**Figure 3** overleaf).

1.16 The Department for Work & Pensions gave each council a share of the total funding in 2013-14. This was equal to the proportion of total spending that would have occurred on crisis loans and community care grants in its area from April to September 2011 had there not been a limit on the Department's spending on community care grants. This was a reasonable approach that avoided replicating the inequalities created by its previous system of allocating budgets to regions.

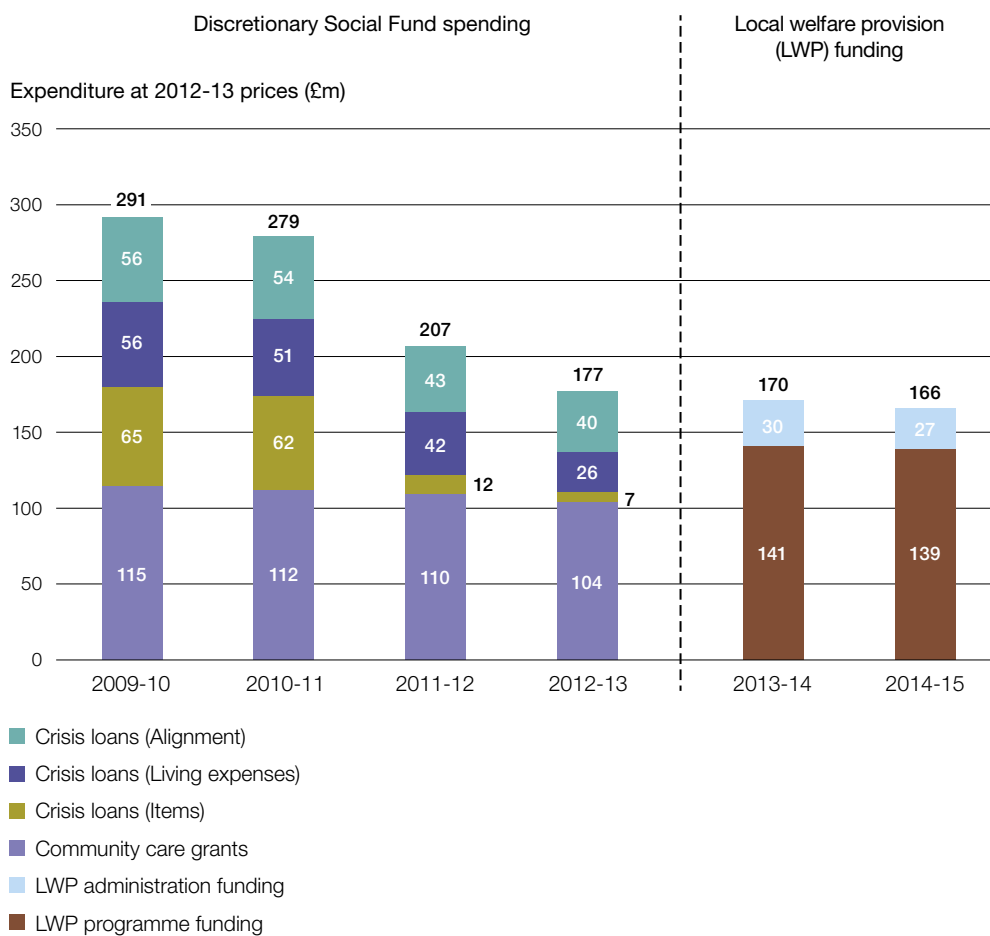
¹¹ Crisis loans for items such as cookers were only available following a disaster. The rate paid for living expenses was reduced. Crisis loan awards for living expenses were limited to 3 in a 12-month period.

¹² All funding and spending data are adjusted for inflation at 2012-13 prices.

Figure 3

Comparing spend on crisis loans and community care grants with funding for local welfare provision

In 2013-14 the Department for Work & Pensions gave English councils programme funding of £141 million and £30 million to administer provision

**Notes**

- 1 Based on data for 150 of 151 single-tier and county councils in England.
 2 Column totals may not add due to rounding.

Source: National Audit Office analysis of Department for Work & Pensions data

1.17 As a result, councils serving the most-deprived areas received more than three times as much funding in 2013-14, on average, as councils serving the least-deprived areas. The most-deprived councils also spent more than twice as much on average in 2013-14 as the least-deprived councils (**Figure 4**).¹³ However, overall, councils reported spending only 56% of the funding the Department for Work & Pensions gave them in 2013-14 on local welfare provision.

¹³ In April 2014 the Department asked councils to report on spending in 2013-14 and planned spending in 2014-15 as part of a review of local welfare provision.

Underspending by councils

1.18 Councils told us they spent less on local welfare provision than they were given because they were initially cautious. This was due to uncertainty about demand and concern that demand would be high due to the impact of other welfare reforms. Councils set restrictive eligibility criteria and limited public awareness of the support available.

1.19 They also said that uncertainty about the availability of funding beyond 2014-15 (**Figure 5**) led them to restrict spending so they could give support over a longer period. Councils we spoke to had kept unspent funding in reserves and were using this to fund provision in 2015-16.

Figure 4

Local welfare provision funding and spending in 2013-14

Funding and spending were higher in more-deprived areas

Level of deprivation	Total funding in 2013-14 per working-age adult (median) (£)	Total spending in 2013-14 per working-age adult (median) (£)
Least-deprived 25% of councils	2.56	1.61
All councils	4.82	2.40
Most-deprived 25% of councils	8.28	3.80

Notes

- 1 Based on data for 102 councils that reported spending in 2013-14.
- 2 Deprivation measured using Index of Multiple Deprivation 2015 – average score for local authority districts.

Source: National Audit Office analysis of Department for Work & Pensions data

Figure 5

Funding for local welfare provision in 2015-16

Councils faced uncertainty about the level of funding after 2014-15

December 2013: The government indicated there would be no separate grant funding from the Department for Work & Pensions for local welfare provision from 2015-16. Councils could fund this from their revenue support grant, provided by government to finance spending on any service. Following the launch of a judicial review, the government agreed to review its decision and consulted on funding options in October 2014.

December 2014: The government stated that £129.6 million of the previously publicised revenue support grant for 2015-16 related to local welfare provision. This was less than the Department for Work & Pensions provided in 2014-15.

February 2015: Having consulted on its provisional local government finance settlement, the government announced it would give an extra £74 million to upper-tier councils in 2015-16, to assist with pressures on local welfare and health and social care.

Note

- 1 The government has proposed to again identify £129.6 million of funding for local welfare provision in the provisional local government finance settlement for 2016-17.

Source: National Audit Office literature review

Reduced support for people in financial hardship

1.20 The Department for Work & Pensions and councils report that since April 2013 spending on support that replaced crisis loans and community care grants has reduced.

1.21 Of the 97 councils that provided information to the Department for Work & Pensions on spending in 2013-14 and 2014-15, 78% reported spending less than the funding allocated to them in 2013-14.¹⁴ Three-quarters said their spending would be higher in 2014-15, but one-quarter still forecast they would not spend all the funding allocated to them.

1.22 The Department for Work & Pensions also spent less on discretionary financial support after April 2013. The Department's spending on:

- short-term benefit advances in 2013-14 was 91% lower than its spending on crisis loans for alignment in 2012-13 – £4 million compared with £40 million;¹⁵ and
- budgeting loans, another form of discretionary support for people receiving benefits, was 5% lower in 2013-14 than in 2012-13 – £345 million compared with £362 million.¹⁶

1.23 There is little evidence to explain this reduction in spending, but there are a number of possible explanations:

- The Department for Work & Pensions' analysis of demand for crisis loans suggests that changes in the support provided and the way it is administered has reduced demand from people on low incomes who were previously using crisis loans to manage cash flow problems.¹⁷
- Improving economic circumstances for some households and better-targeted welfare provision are reducing people's reliance on discretionary financial support.
- People who previously sought help through crisis loans and community care grants could now be getting support from other public services or charities, or turning to credit providers for finance to meet short-term needs.¹⁸
- As a result of changes in the support available, people's short-term needs may be going unmet, which could result in greater costs to the public sector if their problems escalate.

¹⁴ The London Triborough partners are treated as one council for this analysis.

¹⁵ £7 million in 2014-15.

¹⁶ £344 million in 2014-15.

¹⁷ Department for Work & Pensions, *Local Authority Fieldwork Summary Report*, December 2011.

¹⁸ The Centre for Responsible Credit identified an increase in the number of over-indebted households between 2012 and 2014, (see D Gibbons, *Where now for local welfare schemes?*, Centre for Responsible Credit, January 2014).

Part Two

Delivering local welfare provision

2.1 This section considers how councils implemented local welfare provision. It draws on evidence from a survey of 151 council websites, 6 case studies and interviews with 3 other councils (Appendix Two). It describes:

- how councils decided what support to provide;
- who gets support and how;
- the support councils provide and how they deliver this; and
- how councils monitor activity.

Designing provision

2.2 The Department for Work & Pensions encouraged councils to design schemes that reflected local needs and priorities. We found councils providing support that was similar in many respects to the Department's earlier provision. Despite the proposal being announced in November 2011, 3 of the 6 councils we visited said that they did not have enough time, capacity or information on need to develop a different approach.

2.3 Councils involved other organisations in designing their approaches, including local organisations that provide advice, charities supporting different groups of people, and Jobcentre Plus. This helped councils to develop their understanding of local needs and how these might be met.

2.4 Most councils run their own schemes. A minority contract other councils, charities or private sector firms to administer schemes for them. Councils' decisions on how to administer provision were influenced by whether and how they administered other support, such as housing benefits. Typically, councils we met located local welfare provision within their revenues and benefits service. Some had teams dealing with local welfare, discretionary housing payments and council tax support interchangeably. This enabled councils to minimise administration costs and coordinate different forms of support to individuals.

2.5 In two-tier areas, the Department for Work & Pensions gave funding to county councils, even though other support, such as discretionary housing payments, was administered by district councils in those areas. We found two county councils working with district councils to deliver joined-up support (**Figure 6**).

Getting support

Applying

2.6 In almost all cases we saw, people wanting support applied directly to the council via an online form or a telephone helpline. Normally, applicants had to submit documentary information to support their application, such as tenancy agreements or bank statements. Some councils checked applicants' information with details on the Department for Work & Pensions' customer information system. Councils told us that sometimes the information the Department held did not reflect applicants' circumstances, which meant they had to check details with local Jobcentre Plus staff. Councils reported doing home visits in some cases to verify circumstances or needs. One council trained staff on how to conduct challenging interviews to help them get the information needed to make an award decision.

2.7 Application checks enabled councils to identify other types of support that individuals might need but had not requested, such as debt counselling. Councils also checked applicants were receiving the benefits to which they were entitled. Providing such holistic support was one of the principal aims of localising welfare support.

Figure 6

Joint working in two county areas

East Sussex

The county council gave one-quarter of its funding to the 5 district councils to extend their existing rent-deposit and rent-in-advance loan schemes. The district councils report quarterly on loans made using the county council's funding. The district councils recycle any funds they recover for future loans.

Devon

The county council devolved its funding to the 8 district councils to use alongside discretionary housing payments and council tax support. The district councils provide support within a countywide framework.

Source: National Audit Office interview and case study evidence

2.8 All the councils we spoke with reported promoting their support to organisations working with people they expected to apply for help. Many allowed trusted partners to apply for support on behalf of individuals they were supporting. Councils gave a lower level of scrutiny and higher priority to applications submitted by trusted partners.

Responding

2.9 A quarter of councils surveyed said they would respond within one day to urgent requests for help. For non-emergency support, response times ranged from a few working days to one month. One case study council monitored its response rate twice-weekly to ensure it was meeting its response targets.

Reviews

2.10 If someone is not happy with the outcome of their application, they can usually request a review of the decision. Councils commonly offer a review by another member of the decision-making team. If the applicant is still not satisfied, cases will be reconsidered by a more senior staff member.

Eligibility

2.11 To manage and prioritise applications for local welfare provision, councils have developed detailed eligibility criteria against which they assess applications. These are commonly published on councils' websites along with information about the type of support councils will provide.

2.12 Generally, councils expect to provide support as a last resort after all other funds, savings or types of financial assistance have been exhausted. Most councils (70% in our survey) only considered applications from people receiving means-tested benefits. Most of those we spoke with limited the number of times in a given period people could apply for or be awarded support.

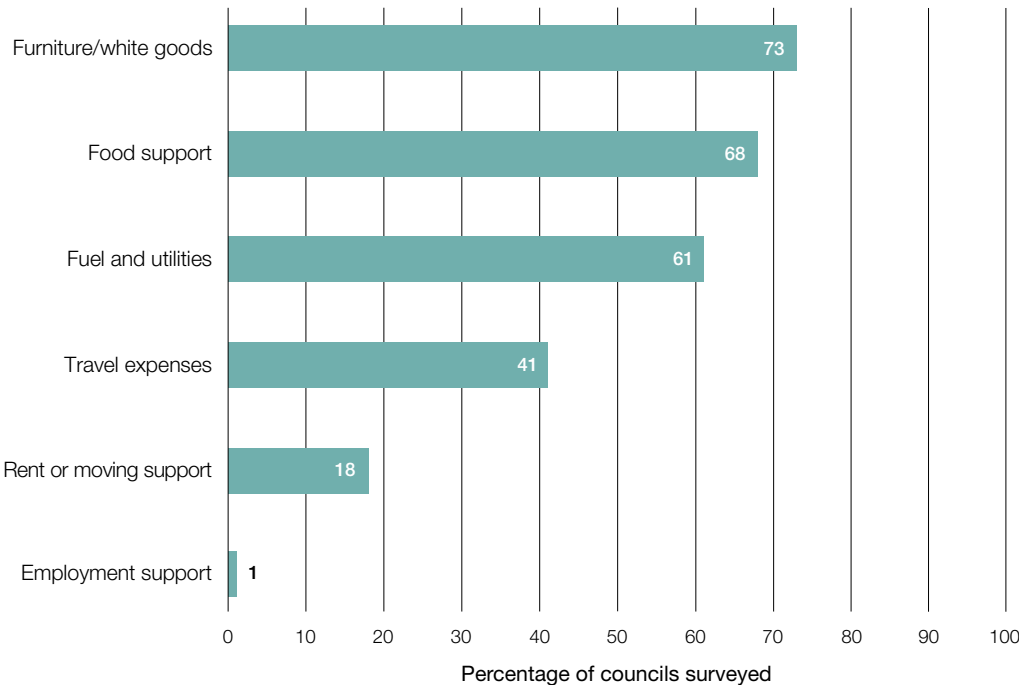
2.13 We found examples of councils using discretion to provide support in cases they might otherwise have rejected as ineligible. Councils tended to prioritise certain types of applicant, such as those leaving care, leaving prison or fleeing domestic abuse.

Types of support

2.14 Typically, councils provide support for people in emergencies and support to help people remain or resettle in the community. The most common types of support councils advertised were furniture and white goods (73% of councils surveyed), food (68%) and fuel (61%) (**Figure 7**). We discuss these types of support in paragraphs 2.20 to 2.24.

Figure 7
Types of support advertised by councils

The most common types of support advertised were furniture and white goods, food and fuel



- Notes**
- 1 Rent/moving support includes help with tenancy deposits, rent in advance or the costs of removals. It is additional to the support councils give housing benefit recipients through discretionary housing payments.
 - 2 Employment support includes clothing, equipment or travel required to engage in work.

Source: National Audit Office survey of single-tier and county council websites

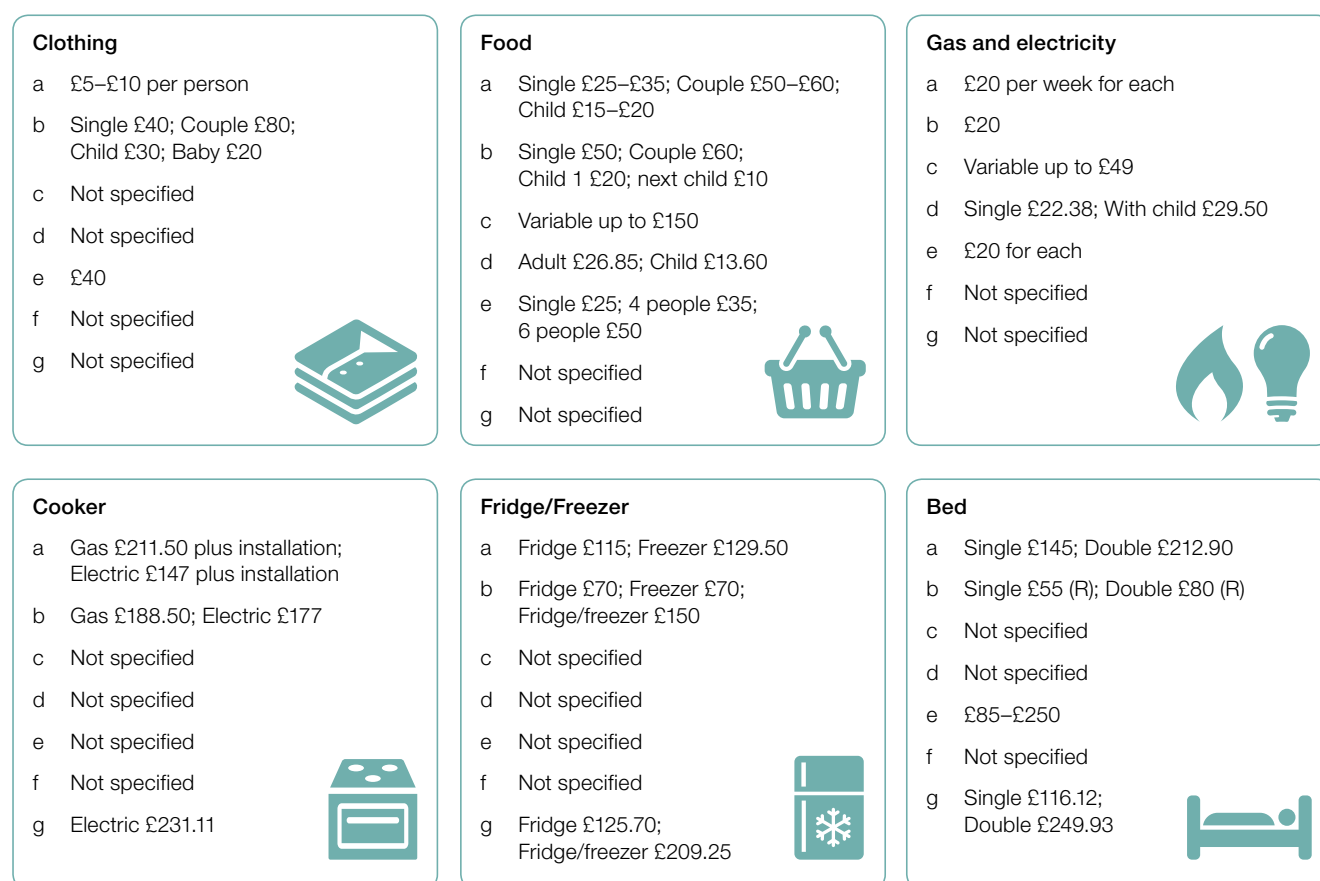
Variation

2.15 Some councils advertise a broader range of support than others. Of the 3 most common types of support shown in Figure 7, 40% of councils offered all 3, and 28% offered support in 4 or more categories.

2.16 Councils also set different limits on what they would spend to provide support (**Figure 8**). These reflected differences in the quality of items, how support was provided, or the length of time for which councils would provide crisis support.

Figure 8

Councils spend differing amounts on similar support



Notes

1 a to f – English councils, g – Scottish Welfare Fund price list.

2 (R) – recycled.

Source: National Audit Office case study evidence

2.17 We found councils' provision took account of support available from other providers and local supply chains for different goods (**Figure 9**). Most councils we spoke to had researched what different items would cost to buy locally and developed cost schedules for commonly provided support. In one council, decision-makers researched the cost of buying some items on a case-by-case basis.

2.18 A key aim of localising welfare provision was to tailor it to the needs of local communities. It is unsurprising then that councils made different choices about the type and level of support to provide. Although we found some evidence of councils comparing their support with their neighbours, we found no widespread benchmarking that would help councils identify opportunities to improve cost-effectiveness. This contrasts with the approach in Scotland where there is a national scheme run through councils. There, the Scottish government has developed a national pricing guide for councils to use as a benchmark for the level of support to provide.

2.19 With limited funds to support people in need, councils must balance providing sufficient support to individual applicants with ensuring support is available to as many applicants as possible. In doing this, councils must also bear in mind that providing support at the lowest possible price may not always deliver the best value for money in the long term if:

- it results in people having to make repeat applications for support; or
- it leaves people without the support they need, leading to consequential costs for other public services.

Figure 9

Deciding the level of food support

Essex County Council

The council worked with health practitioners to identify the contents of a nutritional two-week food parcel that would be provided by food banks to those claiming the Essential Living Fund. This costs around £60. The council gives recipients recipes to help them make the most of the food parcel.

Coventry City Council

The council calculates the value of food awards based on the number and ages of the people in the household and how many days it is until an applicant's next benefit payment or wage is due.

Source: National Audit Office case study evidence

Furniture and white goods

2.20 Furniture and white goods accounted for most of councils' local welfare spending. A key issue for councils was whether to provide new or recycled items. Most of the councils we spoke to were providing new items purchased through high-street retailers. Councils' decisions were influenced by:

- the capacity of the local supply chain for second-hand goods to meet demand;
- the time available to councils to put arrangements in place with suppliers;
- the different costs of new and recycled items;
- concern that recycled goods might not be safe or did not come with warranties; and
- the opportunity to add social value through buying recycled goods (**Figure 10**).

2.21 Some councils we met had changed the way they procured furniture and white goods to improve value for money (**Figure 11**).

Figure 10

Adding social value

London Borough of Lambeth

Lambeth has contracted Emmaus, a local charity, to supply second-hand furniture and white goods. As well as supplying goods at a lower price than new, and reducing the amount of waste going to landfill, the council is benefiting the community by supporting a charity that houses and employs formerly homeless people preparing items for reuse.

Source: National Audit Office case study evidence

Figure 11

Procuring furniture and white goods

Coventry City Council

The council initially provided beneficiaries with Argos vouchers for the value of mid-range furniture and white goods, with a letter stating what the vouchers were for. The council relied on Argos staff to ensure people complied with the terms of the award. However, some people bought cheaper versions of the agreed items and spent the balance on other, in some cases non-essential, items. Since November 2014, the council has ordered items directly from Argos, enabling it to benefit from a 4% corporate discount and avoid unnecessary expenditure. The council says this has saved it about £100,000 in the current year.

Swindon Council

The council originally used Argos to supply white goods and furniture to successful applicants. The council had to pay for delivery and for fitting white goods. The council now sources second-hand furniture through the British Heart Foundation and white goods through a local supplier. The council has negotiated free delivery and fitting with these suppliers, which has saved money.

Source: National Audit Office case study evidence

Food

2.22 Councils provided food support in the form of supermarket vouchers, pre-loaded debit cards, food parcels and referrals to food banks. Councils we spoke to took account of:

- the capacity of food banks to meet referrals;
- the physical accessibility of food banks (**Figure 12**); and
- the ability of different payment mechanisms to limit the inappropriate use of funds, for example cards that could not be used to purchase alcohol.

Fuel

2.23 Councils typically provided fuel support in the form of pre-loaded fuel cards, or PayPoint vouchers that could be emailed, printed or sent as text messages to a beneficiary's mobile phone. Beneficiaries used these to credit their fuel card or key at a retailer with a PayPoint terminal. Councils would also pay for oil or gas bottles where necessary.

2.24 Councils' approaches were influenced by:

- the costs associated with different systems for delivering fuel support; and
- the complexity for staff of administering fuel support.

Changes due to localisation

Cash support

2.25 The Department for Work & Pensions' analysis of the use of crisis loans prior to localisation suggests that some people were using these to help manage problems with cash flow rather than for genuine crises.¹⁹ In designing their support, councils considered how they could reduce the risk of fraud or abuse cost-effectively. The main mechanism for doing this has been to provide specific goods to meet people's needs rather than making cash awards. Only 24% of councils surveyed offered cash support. While some types of support were provided as vouchers or pre-paid debit cards, these generally limited how beneficiaries spent the funds. The councils we spoke to believed that these approaches ensured funding was targeted to address needs.

Figure 12

Mixed provision of food support

Essex County Council

The council provides single people and childless couples with a voucher to collect a two-week food parcel from a food bank. The council gives families and others who would find it hard to access a food bank a £60 AllPay card to use at high-street supermarkets.

Source: National Audit Office case study evidence

2.26 Councils reported that the shift from cash to goods discouraged some people from applying for support. Charitable organisations providing support to people in financial hardship and other expert commentators said this should not be seen as an indicator that the discouraged demand was fraudulent. Rather, they suggested that more complicated application procedures and people's preference for meeting their needs in a flexible way had led some people to look for help elsewhere.

Loans

2.27 The Department for Work & Pensions continues to provide budgeting loans and short-term benefit advances for people who receive benefits. Recipients repay these through deductions from their benefits. Only 21% of councils surveyed advertised loans as a form of local welfare provision.

2.28 Providing loans rather than granting support would enable councils to recycle limited funds to achieve greater impact. However, it is harder for councils to recover loans than it is for the Department for Work & Pensions as they cannot deduct repayments from benefits. Councils told us it would not be cost-effective to pursue small amounts if borrowers failed to repay. They were also concerned that making loan repayments would increase the financial hardship of individuals.

2.29 We saw limited examples of councils providing loans or access to loans through partnerships with credit unions (**Figure 13**).

Figure 13

Providing support through loans

East Riding of Yorkshire Council

The council provides crisis loans for people to deal with emergencies alongside grants to help people stay or resettle in the community. The maximum amount the council will loan someone in any 12-month period is £1,000. The minimum loan repayment is £5 per month. In 2014-15 it provided one-third of its total awards as loans (£92,000). The average loan was for £90. The council reported that loan repayments had been low – about 10% of the loans made.

Bradford Metropolitan District Council

The council directs applicants seeking household items to Smarterbuys, a retailer that works with credit unions to provide finance for purchases. Individuals who do not qualify may get an interest-free loan from the council to purchase second-hand items through a community project called CHAS or the British Heart Foundation.

Source: National Audit Office case study evidence

Monitoring

2.30 In our report on the Community Care Grant we identified that a lack of monitoring led to poor targeting, which limited how well funding was spent.²⁰ Councils could target their support more effectively if they collected and used information on who is applying for local welfare provision and the circumstances that led them to do so. We found that councils monitored data on the number of applications they received and the value and type of awards made. But often they either did not collect information about the characteristics of applicants and their needs, or made limited use of it. When councils did do this, they had identified ways to improve their provision (**Figure 14**).

Figure 14

Councils improved provision through monitoring

Swindon Council

The council found through monitoring that a large number of applicants were experiencing benefit sanctions. The council extended its eligibility criteria to provide support to these applicants after observing that other councils did so and because it felt these applicants had nowhere else to go.

Bradford Metropolitan District Council

The council identified through monitoring that its crisis support scheme was not always addressing essential needs. Therefore, after the first year, the council limited support to emergency fuel top-ups through accredited advice centres and gave financial assistance to a local food bank to provide food parcels.

East Sussex County Council

During the first year, after monitoring applications, the council widened its eligibility criteria to support people on low incomes who were not receiving benefits. The council also received a number of requests for support with expenses for getting to work for those who have started work and stopped receiving benefits, so it included this within its scheme.

Source: National Audit Office case study evidence

²⁰ Comptroller and Auditor General, *The Community Care Grant*, Session 2010-11, HC 286, National Audit Office, July 2010.

Part Three

Risks and challenges

3.1 This section highlights the risks and challenges councils face in sustaining local welfare provision. These need a coordinated response from councils and the government.

Changes in funding

3.2 From April 2015, the government provided funding for local welfare provision in councils' revenue support grant. Despite this, many councils we spoke to said that funding from government for local welfare provision had effectively ceased as there was no longer a specific grant for it. As a result, some councils have stopped or significantly reduced local welfare provision (**Figure 15**). Our survey found 10 councils that had done so. We found few had committed to continuing their local welfare provision after 2015-16. Council taxpayers and other local stakeholders could challenge councils to explain their decisions.

Figure 15

Responses to funding changes in 2015-16

Bradford Metropolitan District Council

In April 2013 the council introduced provision that was similar to crisis loans and community care grants. Since April 2015, the council has restricted its support to an assisted-purchase scheme for new and second-hand furniture and funding for advice agencies to provide fuel support in cases of extreme hardship.

Southampton City Council

The council's draft budget for 2015-16 proposed ending local welfare provision due to changes in government funding. The council's local welfare support working group put forward an estimate of the costs for other services of removing provision, alongside case studies of individuals whose needs had previously been met. It was agreed to continue provision for one year with a reduced range of support and smaller awards.

London Borough of Bexley

An officers' group considered the impact that funding reductions would have on the council's provision. The council decided that the fixed costs of administering a reduced scheme were unacceptably high. It decided instead to use the funding to support its well-established discretionary housing payments programme, which was addressing a priority need within the community.

Source: National Audit Office case study evidence

Understanding effectiveness

3.3 With limited resources councils have to make difficult choices about the services they provide to meet the needs of their communities. To achieve value for money from their spending on local welfare provision councils must evaluate:

- how effectively it assists people who are unable to meet their needs through other means; and
- how effectively it reduces demand for other publicly funded services.

3.4 Councils we spoke to had a limited understanding of:

- the effectiveness of their spending on local welfare provision; or
- the consequences of reducing their provision.

They said it was difficult to separate the effect of increasing or decreasing spending on local welfare provision from other factors influencing demand for council services and other forms of support. However, charities told us that there was rising demand for their support in areas where local welfare provision had reduced. They were concerned that they may not be able to meet additional demand if local welfare provision ended.

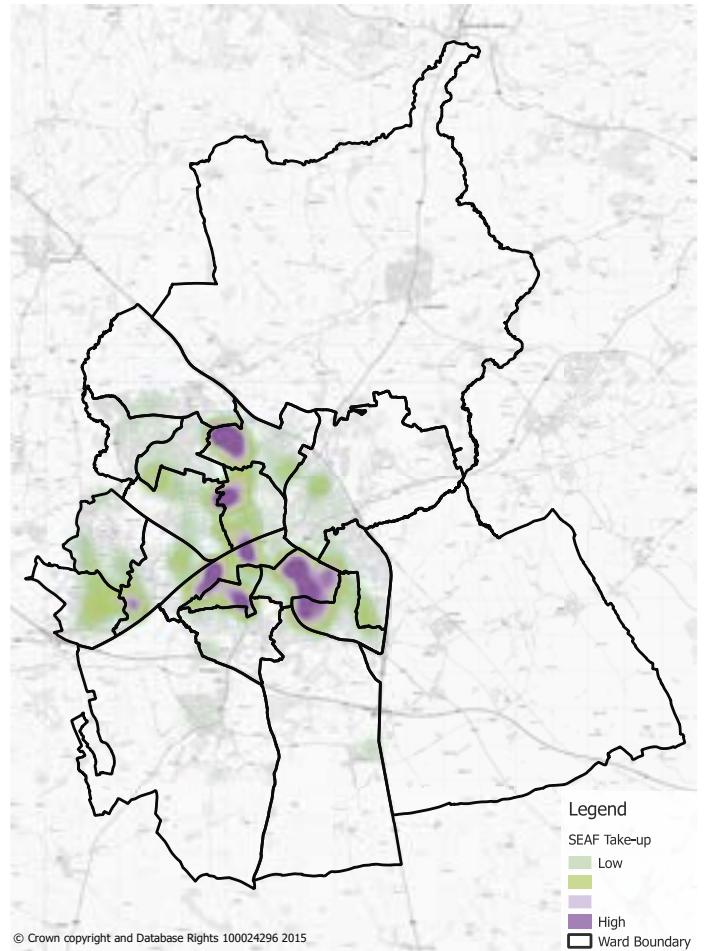
3.5 One council we spoke to had taken steps to understand how local welfare provision correlated with other support it offered to highlight the risks for some households of reducing support (**Figure 16**).

3.6 To illustrate the benefits of local welfare provision, a small number of councils we met had made simple estimates of the cost of public services avoided by the support they provided in particular cases. One council had examined the cost-to-value ratio of a large sample of local welfare provision awards it had made to understand this better (**Figure 17** on page 32).

Figure 16**Understanding the risks of changes to local welfare provision****Using 'heat' mapping**

Swindon Council created a heat map to identify wards containing the greatest numbers of people receiving support from its Emergency Assistance Fund. It compared the number of awards in different areas with other data, for example on take-up of benefits and rent arrears.

The study confirmed the Fund is heavily used by low-income families in deprived areas and single-person households with debts and other issues. This intelligence will help the council manage the risks associated with changing the support it offers through the Fund.



Source: National Audit Office case study evidence

Figure 17**Quantifying the benefit of local welfare provision****Milton Keynes Council**

The council examined the fiscal, economic and social value derived from a sample of 592 local welfare provision awards it made from January to July 2015. It used New Economy's Unit Cost Database, developed for the Department for Communities and Local Government's Troubled Families Programme, to quantify the value of public services avoided as a result of awards. It estimated that, over a full year, the authority would avoid spending £4.8 million on services by making awards totalling £0.5 million. The total estimated saving for central and local government combined was £9.7 million.

Note

- 1 The New Economy Unit Cost Database is available at: <http://neweconomymanchester.com/our-work/research-evaluation-cost-benefit-analysis/cost-benefit-analysis/unit-cost-database>

Source: National Audit Office literature review

Questions for review

3.7 The principles of the National Audit Office's (NAO's) core management cycle for public service delivery provide a framework for councils to evaluate local welfare provision.²¹ Drawing on the findings set out in this report, we suggest in the figure opposite questions that councils can use as part of a local review (**Figure 18**).

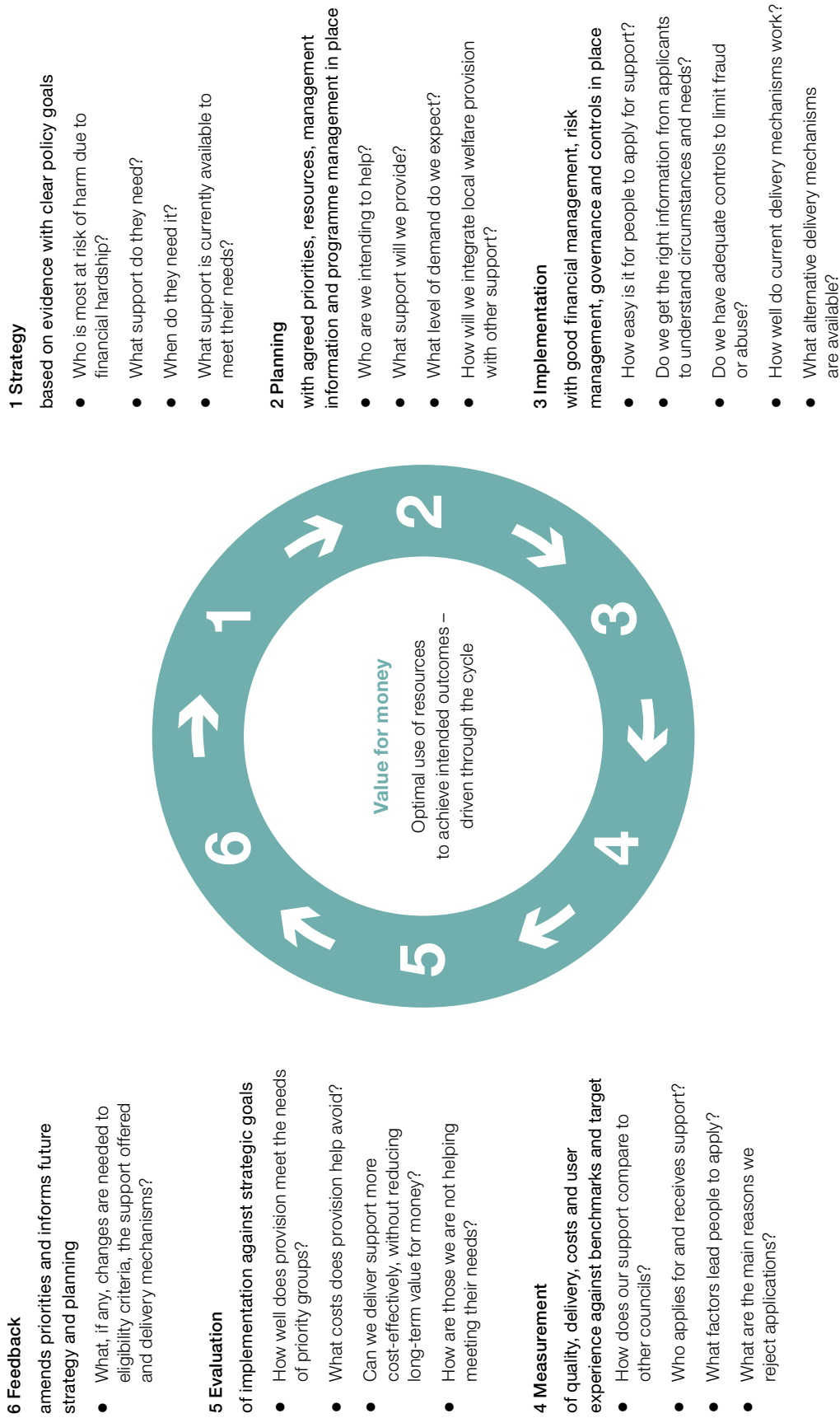
Changes in demand for support

3.8 Levels of demand for local welfare support will be affected by a range of factors and vary from place to place and over time. In some places, improving economic circumstances and tax reductions, for example, may reduce people's reliance on local welfare provision. In others, demand may increase due to the effect of welfare reforms and other local challenges. Councils may not be able to predict changes in demand for support with certainty, but monitoring simple leading indicators, such as the levels of council tax or rent arrears, can help identify households experiencing financial pressure.²²

²¹ National Audit Office, *A short guide to structured cost reduction*, June 2010, p. 5.

²² Comptroller and Auditor General, *Managing the impact of Housing Benefit reform*, Session 2012-13, HC 681, National Audit Office, November 2012.

Figure 18
Evaluating local welfare provision: questions for councils



Welfare reform

3.9 The government is reforming the benefits system in an attempt to make it “fairer, more affordable and better able to tackle poverty, worklessness and welfare dependency”.²³

The Institute for Fiscal Studies (IFS) estimates that changes to the benefit system enacted by previous governments will mean welfare spending in 2015-16 is £16.7 billion lower than it would have been otherwise.²⁴ The government plans to reduce annual spending on working-age welfare benefits by a further £12 billion by 2019-20.²⁵ It expects the impact of these changes to be mitigated by changes to the tax system and the introduction of the national living wage. However, the IFS estimates the latter will provide limited compensation for the groups most affected by cuts in benefits and tax credits.²⁶

3.10 If people’s incomes fall they can become less able to cope with exceptional expenses of the type that local welfare provision aims to address. Councils need to understand how welfare reforms impact on the communities they serve in order to plan an appropriate level of support. The Joseph Rowntree Foundation reports that out-of-work families with children will see the biggest reductions in income from welfare reforms and other policy changes from 2010 to 2020. Among working households, lone parents and families with three or more children are also likely to be significantly worse off.²⁷

3.11 The prevalence of affected groups in different areas and regional variations in the cost of living means the impacts are likely to be felt unevenly across the country (**Figure 19**). Sheffield Hallam University reports that the worst-hit areas will have reductions in the amount of welfare benefits paid per working-age adult that are around four times greater than the least-affected areas.²⁸

Other challenges

3.12 Other factors that could increase demand for local welfare provision include:

- the closure of a major local employer;
- price inflation on food and fuel, as low-income households spend proportionately more on these;
- people exhausting their access to credit; and
- the resettlement of refugees and asylum-seekers, in light of the government’s commitment to accept 20,000 Syrian refugees over the next 5 years.²⁹

23 Department for Work & Pensions, *Universal Credit: Welfare that Works*, Cm 7957, November 2010.

24 A Hood and D Phillips, *Benefit Spending and Reforms: The Coalition Government’s Record*, Institute for Fiscal Studies, January 2015.

25 HM Treasury, *Spending Review and Autumn Statement 2015*, Cm 9162, November 2015.

26 W Elming, C Emmerson, P Johnson and D Phillips, *An assessment of the potential compensation provided by the new ‘National Living Wage’ for the personal tax and benefit measures announced for implementation in the current parliament*, Institute for Fiscal Studies Briefing Note 175, September 2015.

27 Donald Hirsch, *Will the 2015 Summer Budget improve living standards in 2020?*, Joseph Rowntree Foundation, September 2015.

28 C Beatty and S Fothergill, *Hitting poor places hardest: the local and regional impact of welfare reform*, Sheffield Hallam University, Centre for Regional Economic and Social Research, April 2013.

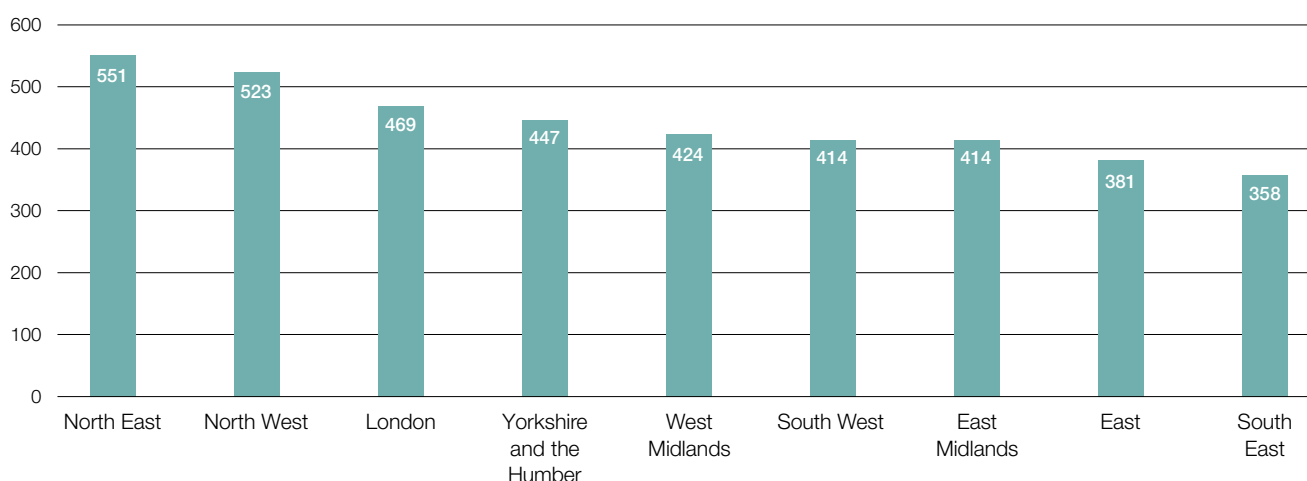
29 Available at: www.gov.uk/government/news/syria-refugees-uk-government-response

Figure 19

Average reduction in welfare benefits per working-age adult per year due to welfare reforms

Reductions will be greatest in the North East and North West, on average

Average reduction in welfare benefits per working-age adult per year (£)



Notes

- 1 The analysis includes welfare reforms introduced before 2015, including changes to: housing benefit; non-dependent deductions; household benefit cap; council tax benefit; disability living allowance; incapacity benefits; child benefit; tax credits; and 1% up-rating. The analysis does not include changes related to: Universal Credit; income support for lone parents; changing the basis for up-rating benefits from Retail Price Index to Consumer Price Index.
- 2 Financial loss per working-age adult per year measures the intensity of the financial impact in an area.
- 3 Working-age adults – those aged 16 to 64 years using 2014 mid-year population estimates.

Source: National Audit Office analysis of Sheffield Hallam University data

A whole-system approach

3.13 As we noted in Part One, central and local government provide many types of financial support to people in different circumstances. Some people receive multiple types of support. Ensuring the different types of support provided nationally and locally complement each other requires central and local government bodies to have a clear understanding of the impact their policy decisions have on other parts of the welfare system and on individuals in need. However, we found examples of ineffective coordination between different types of welfare support that:

- led to the unintentional and inappropriate transfer of costs from central to local government; and
- risked undermining the achievement of the government's welfare reforms.

This risks reducing value for money overall and adds to the financial challenges for councils.

Cost transfer

3.14 Councils reported that a significant proportion of the applications they received for local welfare provision were from people facing hardship as they switched between different types of benefits, experienced benefit delays or sanctions, or moved from benefits to work. Councils also said that some people receiving nationally administered support struggled to meet their daily living costs without additional support provided by the council or voluntary sector organisations (**Figure 20**).

3.15 The government expects that problems related to transitions between benefits and work would be resolved as Universal Credit is rolled out. Universal Credit is designed to remove barriers to work that would increase people's incomes which ought to, in turn, reduce the need for local welfare provision. However, some councils we met were concerned that changes to how benefits are paid under Universal Credit could lead to more people turning to local welfare provision for short-term help (**Figure 21**).

Undermining government policy objectives

3.16 The localisation of some elements of welfare support creates risks for the government that its welfare policy objectives will not be achieved. We found examples of councils providing welfare support to people reporting hardship as a result of benefit sanctions. The support they provide reduces the effect of sanctions which aim to encourage people on benefits to do all they can to find work. We identified a similar problem in our report on the government's localisation of council tax support.³⁰ In that case, the Department for Communities and Local Government had worked effectively with councils to ensure local council tax support was introduced on schedule. However, the way some councils had designed council tax support schemes meant it was unclear that all of the Department's stated objectives would be met.

³⁰ Comptroller and Auditor General, *Council Tax support*, Session 2013-14, HC 882, National Audit Office, December 2013.

Figure 20**Benefits and demand for local welfare support****Local welfare provision helps people with benefit issues****Citizens Advice case studies**

- 1 The client has been on Jobseeker's Allowance for a long time. He is without electricity or gas. He has received emergency assistance from his energy provider, but they will not extend any more credit on his emergency meters. He is unable to make the £72.40 stretch to pay for gas, electricity, food, bathing, clothes and transport. He has come to seek help in applying for local welfare assistance from the council.
- 2 The client is in receipt of Jobseeker's Allowance but has been sanctioned for three months for failing to attend a work programme appointment. The client says he missed the appointment due to illness, but informed Jobcentre Plus. He has appealed against the sanction, and put in a claim for a hardship payment. He has been informed he will not receive any money for at least a week. He has no money, food or gas.
- 3 The client's Employment and Support Allowance was suspended pending an investigation into whether she and her boyfriend are living as a couple. She appealed this decision and applied for hardship payments. Delays in administering these have resulted in the client not receiving any payments. She has been given a food parcel and fuel voucher from the local welfare assistance scheme.

London Borough of Lambeth

The council provides support to applicants that have submitted a request for mandatory reconsideration to the Department for Work & Pensions because their claim for Employment and Support Allowance has been rejected. The £200 award (via PayPoint and supermarket vouchers) covers food and fuel for 28 days.

Source: Citizens Advice case studies and National Audit Office case study evidence

Figure 21**Universal Credit****Changes as Universal Credit is introduced**

Claimants expected to be available for full-time work will wait 7 days for claims to begin. Payments will be paid monthly instead of fortnightly. Housing costs will normally be paid directly to claimants rather than landlords. Some individuals in financial difficulty will be eligible for an advance of their Universal Credit payment.

Source: National Audit Office literature review

Appendix One

Our audit approach

- 1 This study examined how councils have delivered local welfare provision since April 2013 when the Department for Work & Pensions stopped providing crisis loans and community care grants. It sought to highlight good practice and provide advice to help councils improve value for money.
- 2 We reviewed:
 - how the government implemented the change and provided support to councils in developing local welfare provision (Part One);
 - how councils designed and implemented local welfare provision (Part Two); and
 - the challenges councils face in sustaining local welfare provision (Part Three).
- 3 Our audit approach is summarised in **Figure 22**. Our evidence base is described in Appendix Two.

Figure 22**Our audit approach****The objective of government**

In April 2013, the government stopped providing crisis loans and community care grants – two forms of discretionary financial support it gave to people on low incomes to help them deal with exceptional financial pressures. Instead, it transferred unringfenced funding to 151 single-tier and county councils in England in 2013-14 and 2014-15 to deliver new welfare provision tailored to local needs. The government placed no new duties on councils to deliver local welfare provision but said it expected funding to be spent providing “flexible help to those in genuine need”.

Our study

This study examines how English councils have implemented local welfare provision since April 2013 and the challenges councils face sustaining provision. It provides advice to councils on issues to consider when deciding what support they provide to meet local welfare needs.

Purpose of examination

To examine the transition to local welfare provision, including the support and funding the Department for Work & Pensions provided to councils.

To review the type and level of support councils put in place, including factors influencing local decisions, and delivery issues.

To assess the challenges for councils in sustaining provision against ongoing financial pressures and potential changes in the level of need.

Our evidence

(see Appendix Two for details)

The study team:

- interviewed officials from the Department for Work & Pensions;
- visited 6 case study councils, and interviewed 3 councils that have changed their approach to local welfare provision since March 2015;
- conducted a survey of council websites;
- analysed quantitative data on spend;
- organised an expert panel, and conducted interviews with key stakeholders; and
- reviewed existing literature.

Our conclusions

Since April 2013 councils have used funding from government to help vulnerable people meet urgent needs for household items, food, heating, clothing and other costs. Effective councils provide targeted, responsive and flexible help that is integrated with other forms of support, such as discretionary housing payments, and reduces the scope for abuse. They also help people address underlying problems and manage their finances more effectively. However, concerns that demand would be high as a result of welfare reforms, and uncertainty about funding from government after 2014-15, made councils act cautiously. The overall level of discretionary financial support provided by central and local government has reduced since April 2013. This could be the result of better targeting of support, or an indication that need is going unmet which may lead, in turn, to greater costs for other public services. Neither central nor local government is sure of the reasons.

The future of local welfare provision appears uncertain. With reducing resources and competing pressures, many councils say they cannot afford to continue offering this support without specific government funding. Some have already stopped or reduced the provision they introduced in April 2013. Charities report increasing demand for their support as a result. It remains to be seen how councils will respond to the government’s proposed continuation of funding for local welfare provision in the provisional local government finance settlement for 2016-17. The need for local welfare provision in different places will change as a result of the government’s welfare reforms and local circumstances. However, many councils have only a limited understanding of the drivers of demand for this sort of support and the consequences of not providing it. Without this, they cannot know whether their local welfare provision is meeting people’s needs cost-effectively and whether it reduces the need for more costly public services.

Appendix Two

Our evidence base

1 We collected evidence between June and September 2015. We independently reviewed and considered the implementation of local welfare provision and the support provided to councils from government. Our audit approach is outlined in Appendix One.

2 We interviewed officials from the Department for Work & Pensions. We designed these interviews to focus on how the Department:

- calculated allocations to the 151 councils given funding to deliver local welfare provision;
- provided support to councils as they developed their local forms of support;
- meets the needs of individuals in financial hardship through other forms of support, including short-term benefit advances and hardship payments; and
- informs itself of the impact of national welfare reform on locally provided support.

3 We conducted a survey of council websites. We surveyed the websites of the 151 councils given funding to deliver local welfare to better understand what councils are delivering within their local welfare provision. We looked at publicly available information pertaining to the range of support on offer, and information on eligibility criteria, access to the scheme, and the application and review process.

4 We visited case study councils. We spoke to council officers and local stakeholders in 6 councils: Bradford Metropolitan District Council, Coventry City Council, East Riding of Yorkshire Council, Essex County Council, London Borough of Lambeth and Swindon Council. We selected these in order to speak to a range of council types, located in different regions, facing different funding pressures and deprivation levels. We used these visits to gain insight into how councils:

- planned and implemented their local welfare schemes;
- designed approaches to funding local welfare schemes in 2013-14 and 2014-15, and plans for the period starting 2015-16;
- delivered various types of support;
- engaged with local stakeholders;

- engaged with local branches of the Department for Work & Pensions and Jobcentre Plus;
- informed themselves of the impact of welfare reform on the support they provided locally; and
- monitored and evaluated the impact of local welfare provision.

5 We interviewed councils that stopped or changed their local welfare provision after March 2015. We spoke to council officers to understand what factors led to the decision to stop or significantly curtail or change their local welfare provision. We spoke to 3 councils: London Borough of Bexley, East Sussex County Council and Southampton City Council.

6 We analysed quantitative data:

- on spending on elements of the Social Fund, specifically crisis loans, community care grants and budgeting loans for the period 2009-10 to 2012-13;
- on funding allocations to councils in 2013-14 and 2014-15 and council spending reported to the Department as part of its review of local welfare provision in 2014; and
- that underpinned the Department for Work & Pensions' funding allocation model.

7 We analysed data provided to us by Sheffield Hallam University on the expected impact of welfare reforms in different areas in 2014-15.

8 We interviewed officials from the Scottish and Welsh governments.

We interviewed officials from both governments to understand their respective experiences of local welfare provision since April 2013, delivery mechanisms and the monitoring and evaluation frameworks in place.

9 We consulted an expert panel and conducted interviews with stakeholders.

We organised an expert panel, with representation from local government, the Local Government Association, voluntary organisations and academia. We drew on their expertise and experience to test our methodology, key evidence and emerging issues. We also spoke to sector experts, local and national stakeholders, including Citizens Advice, Shelter, the Centre for Responsible Credit and the Child Poverty Action Group. We also reviewed documentation provided by charities in response to our call for evidence.

10 We carried out a review of external literature. We examined reports published by stakeholder groups on the impact of localising welfare provision, as well as a range of research compiled by voluntary and charitable organisations. We also reviewed councils' documents as well as consultation documents submitted to the Department for Work & Pensions' review of local welfare provision funding.

Appendix Three

Local welfare provision in Scotland and Wales

1 The UK devolved administrations adopted different approaches to local welfare provision to that in England (**Figure 23**).

Figure 23

Local welfare provision in Scotland and Wales

	Scottish Welfare Fund	Welsh Discretionary Assistance Fund
Funding arrangements	The Department for Work & Pensions transferred non-ringfenced funding of £23.8 million per year to the Scottish Government in 2013-14 and 2014-15. The Scottish Government increased this to £33 million per year from 2013-14 to 2015-16. The Department also transferred funding for administration costs: £5 million in 2013-14 and £4.6 million in 2014-15. The Scottish Government increased this to £5 million per year up to and including 2015-16.	The Department for Work & Pensions transferred non-ringfenced funding of £10.2 million per year to the Welsh Government in 2013-14 and 2014-15.
Delivery arrangements	Councils deliver the Scottish Welfare Fund.	Delivered on a national basis by Northgate Public Service in partnership with Family Fund Trading and Wrexham County Borough Council.
Types of support	<ol style="list-style-type: none"> 1 Crisis Grants to provide a safety net in disaster or emergency, when there is an immediate threat to health or safety. 2 Community Care Grants to enable people to live independently or continue to live independently, preventing the need for institutional care. This includes assistance to families facing exceptional pressures. 	<ol style="list-style-type: none"> 1 Emergency Assistance Payment to provide assistance in an emergency or where there is an immediate threat to health or well-being. 2 Individual Assistance Payment to meet an urgent need that enables or supports vulnerable citizens to establish themselves or remain living independently in the community.
How is support provided	Goods, cash or payment cards. Councils use a standard list of prices to identify the costs of commonly applied for items, including a guideline amount for a starter pack for those setting up a home.	Goods, cash or payment cards.
Prioritisation	Applicants are categorised as high, medium or low priority.	Applicants are categorised as high, medium or low priority.
Eligibility criteria	Applicants should be aged 16 or over, on a low income and without access to any other appropriate source of financial support.	Applicants must be aged 16 or over and getting income support, income-based Jobseeker's Allowance (JSA), income-related Employment and Support Allowance (ESA) or pension credit (or likely to qualify for one of these benefits if due to leave an institution or care home within 6 weeks).
Restrictions on number of awards	Three in any rolling 12-month period.	Three in any rolling 12-month period.

Source: National Audit Office literature review

Appendix Four

Types of financial support

1 The main types of financial support the government and councils provide are summarised in **Figure 24**.

Figure 24

Financial support from central and local government

Central government

Type of support	Purpose
Universal Credit ¹	Universal Credit (UC) is paid to individuals on low income or out of work. UC is being introduced in stages. Whether you can claim yet depends on where you live and personal circumstances. UC is paid differently to other benefits. It is paid once a month, usually into bank or building society accounts. Rent will be paid directly to individuals rather than the landlord.
Jobseeker's Allowance and low income benefits ²	Jobseeker's Allowance (JSA) is an unemployment benefit paid to people looking for work. Income-based JSA can be awarded to those who were either paid less than £153 per week (on average) during employment over the past 2 years, have been claiming contribution-based JSA for more than 182 days, or who have not been employed in the past 2 years.
Hardship payments ³	A reduced amount of JSA paid to some people whose benefits are stopped if they do not have enough money to live on.
Tax credits ⁴	Child Tax Credits are extra payments awarded to parents of children under the age of 16 (or under 20 and in approved education). Working Tax Credits are awarded to people aged 16–24 with either a child or a qualifying disability and to people aged 25 or over. Parents who qualify for Working Tax Credits may also qualify for Tax Credits relating to payment of childcare during working hours.
Carers' benefits ⁵	Carer's Allowance is paid to people who care for someone for 35 hours a week or more and earn less than £110 a week after tax. People ineligible for Carer's Allowance may be eligible for the carer premium in JSA, the extra amount for carers in Pension Credit or the carer element in Universal Credit.
Disability benefits ⁶	The Personal Independence Payment (which replaced Disability Living Allowance) helps with some costs caused by long-term ill-health or a disability. Employment and Support Allowance (ESA) is available to people who are ill or disabled and offers financial support to those unable to work, or personalised help so that those who are able to work can. Disabled Students' Allowance payments support people in higher education who have long-term health conditions, mental health conditions or specific learning disabilities.
Short-term benefit advances ⁷	Cash advances paid to people in urgent financial need who have recently applied for a qualifying benefit. The amount paid depends on circumstances.
Budgeting loans ⁸	Interest-free loans to help pay for essential things, such as furniture, clothes, moving costs or hire purchase debts. Available to people who have received a qualifying benefit for at least 26 weeks (or whose partner has).
Sure Start Maternity grants ⁹	One-off payments of £500 towards the cost of having a child. They are open to those expecting their first child (or those having a multiple birth who already have children) and those receiving qualifying benefits.

Figure 24 *continued*

Financial support from central and local government

Central government *continued*

Type of support	Purpose
Funeral payments ¹⁰	To help people on low income pay for a funeral they are arranging if they receive certain benefits/tax credits and meet the rules relating to relationship with the deceased. Applicants will usually have to pay back any money they get from the deceased person's estate.
Cold weather payments ¹¹	Awarded to people receiving qualifying benefits when local temperature is recorded as, or is forecast to be, an average of 0 degrees Celsius or lower for 7 days or more.
Winter fuel payments ¹²	Awarded to older people to help pay heating bills.
Flexible Support Fund ¹³	Support, including training, to help people start or move towards finding work. It can also be used to cover travel to interviews, childcare, tools and clothing and uniforms to start work.

Local government

Type of support	Purpose
Local welfare provision	Discretionary support provided by councils to help people deal with urgent or exceptional financial pressures. Typically, this support aims to help people remain or resettle in the community and provides assistance at times of crisis to reduce the risk of harm to health.
Housing benefit	Help for people to pay their rent. People receiving an income-based benefit or Pension Credit will automatically be within the income and capital limits and qualify for the maximum housing benefit award. Funding is provided by central government but administered by councils.
Discretionary housing payments	Provided on a discretionary basis when people need extra help to meet their housing costs. Claimants must be in receipt of housing benefit. Funding is provided by central government but administered by councils.
Council tax support	A reduction in the amount of council tax payable (up to a maximum of 100%) for people on low incomes or receiving benefits. The support depends on: where someone lives, their circumstances, their household income (including savings) and who they live with.

Notes

- 1 www.gov.uk/universal-credit/overview
- 2 www.gov.uk/jobseekers-allowance/overview
- 3 www.gov.uk/jobseekers-allowance/further-information
- 4 www.gov.uk/browse/benefits/tax-credits
- 5 www.gov.uk/carers-allowance/overview
- 6 www.gov.uk/browse/benefits/disability
- 7 www.gov.uk/short-term-benefit-advance
- 8 www.gov.uk/budgeting-loans/eligibility
- 9 www.gov.uk/sure-start-maternity-grant/overview
- 10 www.gov.uk/funeral-payments/overview
- 11 www.gov.uk/cold-weather-payment/overview
- 12 www.gov.uk/winter-fuel-payment/overview
- 13 https://about.universalcredit.service.gov.uk/kms/Pages/Flexible_Support_Fund.htm

Source: National Audit Office literature review

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